

# **CORRECTED FISCAL MEMORANDUM**

## **SB 611 – HB 653**

February 5, 2008

**SUMMARY OF AMENDMENT (010125):** Deletes all language of the original bill. Makes changes to current law pertaining to the HOPE Scholarship program to include among other things: increases the HOPE Scholarship award for FY2007-08 at four-year institutions to \$4,000 and \$2,000 at two-year institutions and increases the Wilder-Naifeh technical skills grant to \$2,000; specifies the award amount of the HOPE Foster Child Tuition Grant.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$34,603,200 in FY07-08 and by \$38,062,000 in FY08-09.

There is included in the Governor's FY2007-08 Recommended Budget the amount of \$9,300,000 from recurring lottery for education revenues for the increase in the base HOPE Scholars award levels. The amounts will increase from \$3,800 to \$4,000 at four-year schools and from \$1,900 to \$2,000 at two-year schools. Other awards, which are based on the HOPE award levels, will increase accordingly.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

On June 12, 2007, we issued a fiscal memorandum for this bill as amended with the following estimated fiscal impact:

Other Fiscal Impact – Increases the net expenditure of lottery proceeds earmarked for scholarships and grants by \$51,300,000 in FY07-08 and by \$78,000,000 in FY08-09.

There is included in the Governor's FY2007-08 Recommended Budget the amount of \$9,300,000 from recurring lottery for education revenues for the increase in the base HOPE Scholars award levels. The amounts will increase from \$3,800 to \$4,000 at four-year schools and from \$1,900 to \$2,000 at two-year schools. Other awards, which are based on the HOPE award levels, will increase accordingly.

**SB 611 – HB 653 (CORRECTED)**

Based on new information received from the Tennessee Student Assistance Corporation and the Tennessee Higher Education Commission, the estimated fiscal impact of this bill as amended is as follows:

**(CORRECTED)**

**Other Fiscal Impact – Increases the net expenditure of lottery proceeds earmarked for scholarships and grants by \$39,052,000 in FY07-08 and by \$68,762,000 in FY08-09.**

Assumptions applied to amendment:

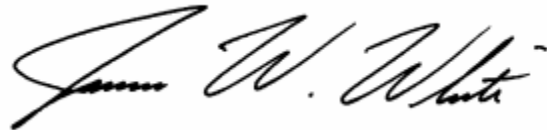
- Increases HOPE scholarship award amounts for FY07-08 from \$3,800 to \$4,000 for 4-year institutions and from \$1,900 to \$2,000 for 2-year institutions and increases the Wilder-Naifeh technical skills grant from \$1,500 to \$2,000. No additional first year or second year costs. These provisions were included in the 2007 appropriations bill.
- Increases the income requirement (AGI) from \$36,000 to \$40,000 – First year cost of \$2,300,000. Second year cost of \$2,500,000.
- Expected Family Contribution (EFC) – Second year cost \$10,200,000.
- Dual enrollment grant (six courses) – First year cost of \$2,400,000. Second year cost of \$4,800,000.
- Changes applicable to non-traditional students (age 23) – First year cost of \$4,600,000. Second year cost of \$4,600,000.
- HOPE Foster Child Tuition Grant – First year cost of \$50,000. Second year cost of \$50,000.
- Changes limitation of receipt of the HOPE to five full-time equivalent years – First year cost of \$2,400,000. Second year cost of \$2,400,000.
- Tennessee HOPE Teacher’s Scholarship (private teachers) – First year cost of \$100,000. Second year cost of \$110,000.
- Dependent child of a religious worker – First year cost of \$120,000. Second year cost of \$132,000.
- Dependent child of member of military – First year cost of \$400,000. Second year cost of \$440,000.
- Defines “cumulative GPA” as institutional GPA – First year cost of \$2,500,000. Second year cost of \$2,500,000.
- All benchmarks converted to academic year as opposed to current hours – First year cost of \$2,800,000. Second year cost of \$3,100,000.

**SB 611 – HB 653 (CORRECTED)**

- Students residing in on-campus housing – First year cost of \$226,000. Second year cost of \$248,000.
- Change continuing GPA requirement for all benchmarks to 2.75 – First year cost of \$7,100,000. Second year cost of \$15,000,000.
- Change home-school requirement from two years to one year – First year cost of \$400,000. Second year cost of \$440,000.
- Allow ineligible students to receive award if meet continuing college requirements - First year cost of \$9,200,000. Second year cost of \$15,500,000.
- Allows students to regain scholarship at the end of any semester – First year cost of \$856,000. Second year cost of \$942,000.
- Allows student to drop below full-time status once without loss of scholarship – First year cost of \$1,100,000. Second year cost of \$2,000,000.
- Tennessee Free Community College Scholarship awards - First year cost of \$2,500,000. Second year cost of \$3,800,000.
- Total first year impact - \$39,052,000
- Total second year impact - \$68,762,000

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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